



STATE OF NORTH DAKOTA  
**OFFICE OF STATE TAX COMMISSIONER**  
Cory Fong, Commissioner

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To: North Dakota Sales, Use and Gross Receipts Tax Permit Holders

Subject: Local Tax Changes Effective October 1, 2007

Date: July 24, 2007

The following summarizes the local option tax changes effective October 1, 2007. More detailed information will be mailed to permit holders located within the cities where the changes occurred.

**Kenmare**

The city of Kenmare will increase its city sales, use and gross receipts tax by one percent (1%). The tax rate for Kenmare starting October 1, 2007 will be two percent (2%). In addition to the rate increase, the following change was made to the ordinance:

- Increased Maximum Tax (Refund Cap) to \$50.00 per transaction.

**Kulm**

The city of Kulm will increase its city sales, use and gross receipts tax by one percent (1%). The tax rate for Kulm starting October 1, 2007 will be two percent (2%). In addition to the rate increase, the following change was made to the ordinance:

- Increased Maximum Tax (Refund Cap) to \$50.00 per transaction.

**Velva**

The city of Velva will increase its city sales, use and gross receipts tax by one percent (1%). The tax rate for Velva starting October 1, 2007 will be two percent (2%). No other changes were made as a result of the ordinance.

**Wishek**

The city of Wishek has made a change to its city sales, use and gross receipts tax ordinance. The tax rate for Wishek will remain at one percent (1%); however the following change was made and will become effective October 1, 2007:

- Added Permit Holder Compensation (3% of city tax due; not to exceed \$83.33 per month or \$250.00 per quarter).

**Maximum Tax (Refund Cap)**

Prior to October 2005, most local sales taxes included a maximum tax provision (now also known as a refund cap). This was a maximum amount of tax that could apply to a single transaction. In October 2005, the caps were replaced with a refund program. Under the refund program, the retailer is required to collect tax on the entire sale without considering the caps. If the purchaser pays more than the maximum tax amount on a purchase, the purchaser may apply to the Tax Commissioner for a refund of any tax paid in excess of the cap. Beginning July 1, 2007, retailers may voluntarily collect up to the cap amount as a convenience to their customers so the purchasers do not need to apply for a refund. Retailers are not required to calculate caps and may continue to collect tax without regard to the caps. Retailers should be consistent in the method they choose to calculate local taxes.

July 24, 2007

**Parshall**

The city of Parshall will impose a 2% City Lodging Tax effective October 1, 2007 on the following:

- Gross receipts from leasing or renting of hotel, motel or tourist court accommodations for a period of less than 30 consecutive calendar days or one month.

The city of Parshall will impose a 1% City Lodging & Restaurant Tax effective October 1, 2007 on the following:

- Gross receipts from leasing or renting of hotel, motel or tourist court accommodations for a period of less than 30 consecutive calendar days or one month;
- Gross receipts of restaurants or bars from sales of prepared food and non-alcoholic beverages;
- On-sale alcoholic beverages.

More information on state and local taxes is available on our web site at [www.nd.gov/tax](http://www.nd.gov/tax). Rate charts are also available on our web site. You may also contact the Tax Compliance Section at (701) 328-3470 or by e-mail at [salestax@nd.gov](mailto:salestax@nd.gov).